

Response from Michael Toohey, Spokesperson, Financial Consumer Agency of Canada
April 8th, 2019

Regarding sharing the report with the banks before publication:

For this, and past industry reviews, we have shared draft reports for factual accuracy. Doing so does not alter our findings. In this case, we asked the banks to review the report to identify factual errors. Banks generally asked for more precision in defining terminology and discussing foreign jurisdictions.

Regarding meetings with bank officials by the Deputy Commissioner and others:

FCAC regularly meets with senior officials of regulated entities as part of fulfilling the Agency's mandate to supervise industry compliance with the consumer provisions in legislation. Such meetings serve to promote responsible market conduct, improve understanding of market conduct obligations, communicate priorities, and share information about supervision and compliance issues.

Regarding agendas provided to bank branches prior to FCAC interviews:

The agendas set out a schedule for the interviews with the bank branch personnel FCAC had selected for interviews. This was necessary to ensure that the individuals FCAC wanted to interview were present and available on the day FCAC was at the branch. It was also necessary to enable banks to plan their staffing needs in the event an interview subject was scheduled to work at the same time as FCAC needed to conduct its interview.

Regarding the addition of the line about no widespread mis-selling:

The published version of the report accurately reflects FCAC's findings from the review, including that we did not identify widespread mis-selling. FCAC's findings are the result of our examination and analysis of vast amounts of information collected over the months we conducted the review.

The objective of the industry review was to identify and evaluate risks to consumers and to assess controls in place to mitigate these risks. The review found that the risks are significant and the controls are insufficient. Any specific issues that came to our attention during the review are being addressed appropriately with other supervision tools.

The difference between industry reviews and investigations into breaches

In addition, there are significant differences between an industry review and investigations into breaches of the legislation. Industry reviews are one of the ways we monitor trends and emerging issues in the industry. Investigations into breaches are part of how we enforce laws and regulations.

The Domestic Bank Retail Sales Practices Review was an industry review. Industry reviews are designed to gather information from multiple regulated entities or stakeholders on specific market conduct matters and on matters related to the financial services sector generally.

Information from these reviews may be used to provide guidance, establish best practices or inform policy makers. Industry reviews may also identify compliance breaches that will lead to enforcement action separate from the industry review. More information on the purpose and use of industry reviews is in the FCAC [Supervision Framework](#).

FCAC investigations are part of how we enforce compliance. Enforcement begins with an investigation, which includes the assessment of potential breaches of market conduct obligations that come to FCAC's attention. Once an investigation is complete, the Agency responds with the appropriate tool(s) to ensure compliance and deter future breaches. The enforcement tools available to FCAC are described in the FCAC [Supervision Framework](#). FCAC makes enforcement decisions independently based on the evidence revealed by an investigation. Per section 30(1) of the FCAC Act, investigations can take up to two years.

April 9, 2019

We do not have anything to add but would like to reiterate that we typically share such reports with other federal government organizations and that the published version of the report accurately reflects FCAC's findings from the review. FCAC's findings are the result of our examination and analysis of vast amounts of information collected over the months we conducted the review.

Q & A with the Financial Agency of Canada
March 11, 2019

According to Access to Information documents provided to Go Public, a line in the report was added after a draft version went to the federal finance minister's office. That line stated that there was "no widespread mis-selling" at Canada's big banks.

1)The timeline suggests there may have been pressure on FCAC to add the line, which in the end was widely reported as the key finding of the report, despite many examples of mis-selling across the board. How would you explain the addition of that line to the final report?

In conducting the review, FCAC examined vast amounts of information and consulted with stakeholders, including the industry, consumer groups and the Department of Finance. As is common in any similar research effort, including our own past industry reviews, our analysis of the information evolved over the months of drafting the report. The published version of the report accurately reflects FCAC's findings from the review, including that we did not identify widespread mis-selling.

The objective of the industry review was to identify and evaluate risks to consumers and to assess controls in place to mitigate these risks. The risks are significant and the controls are insufficient; our findings and recommendations in these areas are the focus of the report. Any specific issues that came to our attention during the review are being addressed appropriately with other supervision tools.

2) According to the documents, all six of Canada's big banks received a draft copy of the report and were invited to comment. Can you please tell us why this happened?

For this, and past industry reviews, we have shared draft reports for factual accuracy. Doing so does not alter our findings. In this case, we asked the banks to review the report to identify factual errors. Banks generally asked for more precision in defining terminology and discussing foreign jurisdictions.

3) We see that the banks were told a day in advance that the report would be released, whereas consumer organizations, media and other interested parties do not appear to have received advance notice. Can you please tell us why this was the case?

In addition to the banks subject to the review, we also provided advance notice to several media outlets and consumer groups.